



ECONOMIC DEVELOPMENT DEPARTMENT

2nd QUARTER REPORT ON 2012/13 ANNUAL PERFORMANCE PLAN

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Programme 1: Administration

Strategic objective	Measure/Indicator	Annual Target	Quarterly targets		Reason for variance
			2 nd Quarter Target	Actual	
Effective, efficient, strategic support and administrative service to the Director-General and the EDD	Number of management meetings	16	4	5	A MANCO meeting was held on 14.08.12. Further management engagements were held on 22.08.12 and 23.08.12 on the MTEF process and consolidation of the EDDS inputs towards the 2012/13 adjustment budget. EXCOs were held on the following days: 12.07.12 14.08.12 Meetings were focussed on the EDD's budget engagement, audit and risk issues. Particularly, the EDD's inputs towards the 2012/13 adjustment budget and AENE submission
Provide assurance and consulting internal audit activities in accordance with prescribed legislation	Audit reports submitted	6 Internal audit activity reports	1	1 HRM draft progress report	2 Internal audit reports are in progress; HRM and Development and Follow up on AG Findings for 2011/12. In order to improve capacity, the following appointments were made: Assistant Director, commencing in November 2012 and Deputy Director, commencing in December 2012.
To ensure that a credible budget is prepared, monitored and reviewed	Projected expenditure (R thousand)	672 732	152 482	165 418	This is mainly due to salary increases which increased spending on compensation of employees this quarter.
Effective, efficient, strategic support and administrative service to EDD	Number of staff employed by EDD	All positions filled	3	7 Net appointments Total staff: 116	Positions were advertised and more appointment will be made during the financial year.



Programme 2: Economic Policy and Development

Strategic objective	Measure/Indicator	Annual Target	Quarterly targets		Reason for variance	
			2 nd Quarter Target	Actual		
Co-ordinate and Monitor the implementation of the New Growth Path (NGP)	Regular survey of public sector (with DPME)	2	-	-		
	Impact of state actions on employment assessed through modelling	1	-	-		
	RIA process reviewed to ensure alignment with NGP	1	-	-		
	Workshops held on assessing employment impact of the state	2	-	-		
	SA Development Index approved and then monitored	1	1	1		<ul style="list-style-type: none"> A document has been completed that outlines a proposal for the economic development index, including its design and rationale. It also outlines alternative indicators and why the index is required. What is left now is to do regression modelling on the actual index to have a baseline that indicates the current status of the index. From there it will be taken to other stakeholders for consultation purposes.
	Outcome 4 outcomes reviewed regularly	4	1	2		<ul style="list-style-type: none"> Cycle 7 report was submitted jointly with the DTI and National Treasury in the form of a Cab Memo. In-depth assessment of progress on the NGP and the National Infrastructure Plan were submitted to Minister as part of preparations for the July Cabinet Lekgotla. Notes on economic transformation were also provided for the Minister. Input was made on sectoral developments for a platform, held with the dti and the NT, on developments in the productive sector.
Annual in-depth analysis of trends in employment, inequality and growth	1	-	2			

	EDD Conference held with high-level inputs	1	-	-		
Develop and Implement inclusive growth strategies	Sector methodologies developed and applied	2	-	1		
	Competition Act amended and regularly reviewed	1	-	-		
	Other policy interventions identified and appropriate amendments proposed	1	-	-		
	Policy platforms	4	1	4		<ul style="list-style-type: none"> A platform was held on financialisation together with UN-DESA on 5 July 2012, with high-level international and local participation, including Professor Stiglitz; Professor Norman, Professor Seeraj Mohammed; and others. A platform was also held on 3-4 July in conjunction with the International Economics Association on industrial policy in Africa, which also included high-level international and local guests, amongst them Professor Stiglitz and ex World bank Chief Economist, Dr Justin Lim. A platform was held on developments in the productive sectors in conjunction with the DTI and the National Treasury as well as the relevant sectoral departments on 2 July 2012. A synthesis presentation was subsequently developed for ESEC. A platform was held with National Treasury, the DEA, the DTI and the NEDLAC constituencies on the carbon tax on 18 May 2012. The platform identified critical modifications required to minimise unintended consequences from the proposed tax.
Policy advice to support Cluster	Impact of BBBEE on NGP targets analysed and modifications proposed as required	1	-	-		
		Platforms on BBBEE and NGP	2	1	2	<ul style="list-style-type: none"> A platform was held on the BBBEE Scorecard on 13 July 2012, with a further platform with Who Owns Whom (WOW) on 5 September 2012. The empirical findings of Who Owns Whom study is intended to inform the department's position in terms of aligning the BBBEE codes of good conduct with the NGP.
Ensure regular engagement on policy issues	Gender strategy adopted and reviewed	2	1	2		<ul style="list-style-type: none"> Inputs on gender and the NGP were developed based on an analysis of women's participation in the economy was conducted based on the QLFS and the GHS. These were used for the Women's Parliament,

									<ul style="list-style-type: none"> for women's day and for public lecture and for a joint meeting with the Chicago Women's Business Council. For these inputs, A memo on the draft Women Empowerment and Gender Equality (WEGE) Bill was developed. A draft framework on youth employment for an Accord was presented at NEDLAC by the Minister on 2 July 2012
	Youth employment strategy adopted and reviewed	2	1	1					<ul style="list-style-type: none"> Terms of reference for options on the Establishment of the Institute (Business Plan) have been developed and approved.
	Strategy on micro enterprises, livelihoods and the social economy adopted and reviewed	1	-	-					
	Economic Development Institute established	2	1	1					

Programme 3: Economic Planning and Coordination



Strategic objective	Measure/indicator	Annual Target	Quarterly targets		Reason for variance	Explanation			
			2 nd Quarter Target	Actual					
Develop and or review infrastructure, Sector Spatial and National Economic Plans	Number of engagements with provincial and local govt	8	2	3		<ul style="list-style-type: none"> Engagement with the Sisonke District Municipality on high impact projects, September 2012; Engagement with the Northern Cape Province regarding the Wildflower Bridge, and Participated during the Local Government Turnaround Strategy (LGTS) visits across all provinces (July-August 2012). 			
								<ul style="list-style-type: none"> 9 Infrastructure plans covering different sectors were reviewed, progress updated on construction, funding, localisation and implementation challenges. 	
									<ul style="list-style-type: none"> The review of the Draft Cape Agulhas Local Municipality Spatial Development Framework – 07 July 2012. 9 Infrastructure plans with a spatial or geographic focus were reviewed, progress updated on construction,
	Number of sector and/or infrastructure plans produced or reviewed per year	2	1	9					
	Number of spatial and/or infrastructure plans produced or reviewed per year	7	2	10					

						<p>funding, localisation and implementation challenges</p> <ul style="list-style-type: none"> • Two Engagements with the DFIs: <ul style="list-style-type: none"> - Meeting between the Minister and IDC regarding the IDC annual report - DG quarterly meeting with the entities held at the dti campus on 14 August 2012 • Verification: <ul style="list-style-type: none"> - IDC annual report presentation - Agenda for the quarterly meeting
Promote Investment for Economic Development	Number of strategic engagements with DFIs	6	2	2		<ul style="list-style-type: none"> • Following engagement with stakeholders by the Minister, the President reappointed 4 existing, and appointed 6 new, ITAC Commissioners following the recommendation of the Minister. • Engagements with ITAC on challenges with scrap metal sector. • Engagement with the Competition Tribunal Chairperson on 27 September 2012 regarding the vacancies that exist on the Tribunal and the strategic needs of the Tribunal in order to fulfil its mandate.
Promote Competitiveness and Trade for Decent Work	Number of strategic engagements with ERBs	6	2	2		<ul style="list-style-type: none"> • The PICC coordination activities seek to align SOEs, national department, provincial and municipal infrastructure investment plans and programmes. Effective roll-out of the Infrastructure Plan requires assessing the status of construction of SIPs and their individual components on a quarterly basis, as well as fiscal alignment of infrastructure priorities across government. This quarter entailed aligning costing and medium- term budgeting work for the SIPs with National Treasury. • The PICC had 6 MANCO meetings on the following dates: 19 July, 25 July, 7 August, 28 August and September 2012. • The PICC had 4 Secretariat meetings on 14 August, 16 August, 28 August and 20 September 2012. • Three 2013 Main MTECs on 13 August, 11 September and 20 September 2012. • Two 2013 MTEC Functional Groups –
	Number of engagement forums to foster alignment of SOEs and PICC's investment decisions with that of the state	6	2	21		

Leverage financing and procurement processes [R million/ number of interventions]	Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress [R million]	R5bn	R1,25bn	<p>Total: R3,46 bn R 71.6 Million was committed by SEFA for Small Business Funding.¹</p> <p>IDC is committed to R2.1 bn for growth sectors.²</p> <p>IDC distress fund committed R64.3 Million to 5 companies</p>	<p>Economic Infrastructure Adjudication Committee on 6 September and 18 September 2012.</p> <ul style="list-style-type: none"> The PICC had 1 engagement with FOSAD Lekgotla in September 2012, 1 PICC report to Cabinet Lekgotla on 5-6 September 2012. The PICC had Bilateral meetings with the following Ministries: <ul style="list-style-type: none"> Water Affairs in August 2012 Finance in August 2012 and <p>Technical meetings with Rand Water and Mfuleni Municipality (Sedibeng Waste Water Treatment Work) in August 2012.</p> <ul style="list-style-type: none"> A total of R 71.6 Million was committed by SEFA for Small Business Funding. Additionally, IDC is committed to R2.1 bn for growth sectors In the second quarter of 2012/13 the IDC Distress fund committed funds to the value of R64.3 to 5 companies, this is expected to save and/or create 633 jobs. More jobs were saved in the second quarter compared to the first quarter although fewer funds were committed in the second Quarter. The fund was targeted at companies that had been negatively affected by the economic downturn. <p>Despite this focus, start up companies that had not yet achieved a record of profitability are not excluded from accessing the fund. The 5 companies approved were from various sectors namely Forestry, Wood, Pulp and Paper being the biggest beneficiary with R26.5 million saving and or creating 349 jobs.</p>
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¹ The EDD first quarter report did not reflect the value of special financing facilitated for small business. In the interest of comprehensive reporting, the second quarter report does reflect this value

² The EDD first quarter report did not reflect the value of special financing facilitated for targeted growth sectors. In the interest of comprehensive reporting, the second quarter report does reflect this value

	Number of interventions promoting economic development through leveraging state expenditure and procurement	10	4	3	<p>A meeting was held with the dti on procurement and the IPAP, looking at the designation of sectors.</p> <p>Another meeting was held with NEDLAC, where progress on procurement and designations were discussed.</p> <p>Facilitated Municipality Capacity Building Programme through the Wits University Graduate School of Public and Development for government officials that started 27/08 – 22/11/12. 36 officials were trained in the session 27 – 31 August</p>	<p>Local Procurement Intervention</p> <ul style="list-style-type: none"> The EDD met with the Department of Home Affairs, SARS in Kwazulu – Natal and the Ethekwini Council on 02 August 2012 in Durban to create awareness and discuss remedies to illegal practices in trade fares, especially in Kwazulu Natal, and the negative impact it was having on small traders and local manufactures. As a result, inspections were held at a fair in September 2012 where several people were arrested and importers earmarked for investigation by SARS. The EDD participated at two meetings of the Manufacturing Circle to formulate a Buy Local campaign on 04 July and 13 August 2012. The EDD used the meeting to provide input on the Framework for a successful Buy Local campaign run by business aimed at increasing demand for locally manufactured inputs and finished goods. This resulted in the launch of the BLC by manufacturing circle with PSA. As part of broader programme started in the first quarter, The EDD met with PSA to present a mini exhibition involving 13 small businesses “buy local” marketing event at Mall of the North, a shopping mall in Limpopo on 28 and 29 July 2012. The Exhibition and event sought to market local products and educate consumers on about their role in supporting job creation and local industry. <p>Work in progress</p> <ul style="list-style-type: none"> On 28 September 2012, a meeting on IPAP was held with the DTI at the dti Campus, the meeting covered an M&E report on procurement. The NEDLAC Trade and Industry chamber strategic session was held on 2 August 2012. One of eth topics was preferential procurement - including implementation.
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						2012.	<ul style="list-style-type: none"> of the Preferential Procurement Regulations; designation of sectors and products and the green industry designation. Additionally, a business progress report on the implementation of the local procurement accord was discussed. A meeting was held with Steinhoff to promote implementation of the local procurement accord and track implementation by the private sector on 7 August 2012.
Grow the Green Economy	Number of reports on the implementation of the Green Economy Strategy	2	1	1			<ul style="list-style-type: none"> The collaboration with National Treasury, Department of Trade and Industry and the department of environmental Affairs to develop the Green Growth Strategy is ongoing.
	Number of interventions to grow the green economy	10	4	4			<ul style="list-style-type: none"> Work on the biofuels incentive was undertaken. A meeting with Trihelix – First South African company was held to produce evacuated tube SWH locally; Two meetings were held with the South African Insurance Industry Association (SAIIA) on the replacement of electric water heaters with solar water heaters. Assisted CRDP project in applying to BSA for funding under the Green Fund.



Programme 4: Economic Development and Dialogue

Strategic objective	Measure/Indicator	Annual Target	Quarterly targets		Reason for variance
			2 nd Quarter Target	Actual	
National Social Dialogue and Strategic Frameworks	Number of social dialogue and capacity building engagements held	10	3	4	<ul style="list-style-type: none"> Senior members of the EDD, representatives from other government departments, including the Departments of Trade and Industry and Public Enterprises and from business associations, participated in a presentation conducted on the study commissioned by Business Leadership South Africa (BLSA). The study reflects the initial opportunities proposed by BLSA Members to implement aspects of the Local Procurement Accord. It is part of the commitments on the Local Procurement Accord. An engagement between the Department and Proudly South African (PSA) to discuss and monitor progress with Proudly South African's Local Procurement Project Plan, funded by the Department. Subsequently, the team submitted a project plan; report on the activities and the budget spent to date. On 26 July 2012, a 100 entrepreneurs and business owners attended the Polokwane Business Forum in Limpopo, presented in partnership with PSA. The Business Forum was aimed at creating awareness of the Local Procurement Accord and spreading the 'buy local' message. On 30 August 2012, PSA presented to the Captains of Industry in Sandton on the Buy Local Campaign and Local Procurement Accord where 43 delegates attended On the PSA educational campaign, PSA held an African Farmers EXPO from 15-18 August 2012, where 9 exhibitors showcased their products. Facilitated the Project Steering Committee for the EDD and Western Cape Furniture Initiative Employment Creation Fund Project, once the 1st tranche payment of the ECF fund was allocated to

Sectoral and Workplace Dialogue	Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	2	-	-	<ul style="list-style-type: none"> the sector. Bilateral discussions between the EDD and National Business Institute on the implementation of the Basic Education Accord. Three MOUs on the Local Procurement Accord were finalised and signed by three trade unions in regard to their commitments contained in the Accord. These MOUs have been signed by CCEPPAWU, FAWU, and SACWU. A submission has been done and submitted to the DGH for final sign off.
	Number of interventions to save or create new jobs	4	1	7	<ul style="list-style-type: none"> Facilitation of jobs saving intervention at SCAW Metals together with the CCMA and the dti to prevent job losses. We were able to finalise an agreement between the parties (Scaw Metals and Numsa) which provides for no retrenchments. The agreement moreover provides for participation in the TLS and for further engagements with the DTI (ITAC in particular), EDD and the PSA. Finalisation of MOA with SBM to conduct a feasibility study at Dimbaza Foundries. The Department has obtained funding from the Employment Creation Fund in an amount of R6 352 500 for purposes of conducting a feasibility study on the conversion of the Dimbaza Foundry into a Steel Mill in the Eastern Cape. On 25 September 2012, a proposed intervention to deal with the impact of the export of scrap metal on local jobs, deindustrialisation and theft were submitted to the Ministers of Economic Development and Trade and Industry. A research note was compiled for the Minister on the use of soda ash in South Africa, including a profile of the largest users. The report was compiled in the wake of an application for possible limits being imposed on the import of soda ash.
Capacity Building for Economic	Number of reports on the implementation of the framework agreements and social pacts	4	1	1	<ul style="list-style-type: none"> Four different reports on the implementation of each of the four accords signed in 2011 were completed and presented to the Minister in the beginning of August 2012. These were for the Local Procurement Accord, the Green Economy Accord, the Basic Education Accord and the National Skills Accord.
	Number of Economic Advisory Panel meetings	1	-	-	

Development	Number of knowledge networks	4	1	1	<p>There was one network session held for this quarter. The topic for the network session was "Regional and Local economic development (RLED)". The Department is partnering with the Department of Rural Development and Land Reform (DRDLR) and the <i>Council for Scientific and Industrial Research</i> (CSIR) on a new initiative to address rural economic development through a functional region spatial development response. Discussions focused on efforts to engage the private sector on pivotal RLED projects and initiatives and the need to create an active and pro-active partnership network with all relevant stakeholders operating in the LED space so that there is a holistic approach rather than piecemeal interventions. This session was held on the 28th of August 2012.</p> <ul style="list-style-type: none"> • During the period under review, greater focus was placed on monitoring and evaluation of the implementation of the Local Procurement Accord and the other four social accords. This entailed collating information and compiling progress reports for briefings to the Minister, Cabinet, parliament and its committees. • A meeting was held with the ILO on 4th July 2012 to fashion collaboration on capacity building for social partners. The meeting was aimed at establishing a more sustainable partnership agreement with the ILO on programmes related to support for labour policies, social and solidarity economies and enterprise development. • The EDD met with the Executive Director of the Manufacturing Circle on 29th July to gauge implementation and assess progress on the local procurement accord. • The Department participated at the Industrial Policy in Africa seminar on 4th July hosted by the EDD, UNIDO, the International Economic Association, and the University of Johannesburg among others. • Represented the Department at the NEDLAC Trade and Industry Chamber Strategic Session, on 02 August where the Business Leadership South Africa (BLSA) Study on local procurement opportunities was tabled and discussed. • The EDD participated in a series of consultative meetings at the National Treasury Medium Term Expenditure Committee Sub Functional Group meetings on Education and Related Function from
		Number of capacity building engagements (for organised labour and other social partners)	10	3	

Productivity, Entrepreneurship and Innovation	National/sectoral engagements on productivity	4	1	1	<ul style="list-style-type: none"> the 15 August to 26th September. The objective was to shape the fiscal framework for the education, sports, arts, culture and sector education and training authorities' cluster and to integrate within the process the Strategic Infrastructure Programmes. The EDD Participated at the African Programme on Rethinking Development Economics (APORDE) Capacity Building seminar on 6-21 September organised by the IDC and the dti to enhance development and industrial policy skills.
	Research reports on productivity	1	-	1	<ul style="list-style-type: none"> Productivity trends in Textile; Wearing Apparel and Motor Vehicle, Parts and Accessories This trend analysis research was conducted in collaboration with Productivity SA. The objective of this study is to provide an analysis of productivity trends for selected Manufacturing sub-sectors, namely Textiles, Wearing apparel and Motor vehicles, parts and accessories. The report provides recent data about productivity and related indices.
	Productivity Month - October	1	-	-	